

# FISCAL NOTE

**Bill #:** SB0249

**Title:** Sunset RIT tax

**Primary**

**Sponsor:** Tom Keating

**Status:** As introduced

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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## Fiscal Summary

	<b><u>FY2000 Difference</u></b>	<b><u>FY2001 Difference</u></b>
<b>Expenditures:</b>	0	0
<b>Revenue:</b>	0	0
<b>Net Impact on General Fund Balance:</b>	0	0

<b><u>Yes</u></b>	<b><u>No</u></b>		<b><u>Yes</u></b>	<b><u>No</u></b>	
	X	Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts

## Fiscal Analysis

### ASSUMPTIONS:

#### **Department of Natural Resources and Conservation**

1. Under current law, 45.9% of the resource indemnity groundwater assessment tax (RIGWAT) is deposited in the Resource Indemnity Trust Fund.
2. Under current law, 10% of the RIGWAT is deposited in the renewable resource grant and loan state special revenue account (02272).
3. Under current law, 30% of the RIGWAT is deposited in the reclamation grants account (02458).
4. Under current law, 14.1% of the RIGWAT is deposited in the groundwater assessment account (02289).
5. RIGWAT collections are forecast to be \$2,426,000 in FY 2000 and \$2,473,000 in FY 2001.
6. Under current law, the average balance of the Resource Indemnity Trust Fund will be \$97.3 million in FY 2000 and \$98.3 million in FY 2001.
7. Under the proposal, the balance of the Resource Indemnity Trust Fund is estimated to reach \$100 million in FY 2004.
8. The rate of return for the Resource Indemnity Trust Fund will be 7.236% for FY 2000 and 7.267% for FY 2001.

#### **Department of Revenue**

9. Depending on production and price levels, revenues will be reduced by approximately \$3.1 million per year.

LONG-RANGE IMPACTS:

There are state programs that rely on these taxes for funding. RIGWAT represents 7% of the deposits to the Renewable Resource Account (02272), 17% of the deposits to the Reclamation and Development account (02458), 72% of the deposits to the Groundwater Assessment Account, and 45.7% of the deposits to the Orphan Share Account (02472). Agencies that would be affected by the loss of these tax revenues are the Department of Environmental Quality, Department of Natural Resources and Conservation, State Library Natural Resource Information System, MSU-Northern, Flathead Basin Commission, Water Court and MSU Groundwater Assessment.

TECHNICAL NOTES:

1. SB 249 is not clear on page 12, where the intent is to cap the trust at \$100 million and not to change the interest allocation. The intent could be accomplished by striking on lines 19 and 20 the following:  
“including money payable into the fund under the provisions of 15-37-117,”. Then the bill would state,  
“All money paid into the resource indemnity trust fund on or before January 1 or the year following the date on which the fund reaches the sum of \$100 million, as certified by the governor through executive order, must be invested at the discretion of the board of investments.”
2. There are other bills, which may affect the RIT flow of funds.